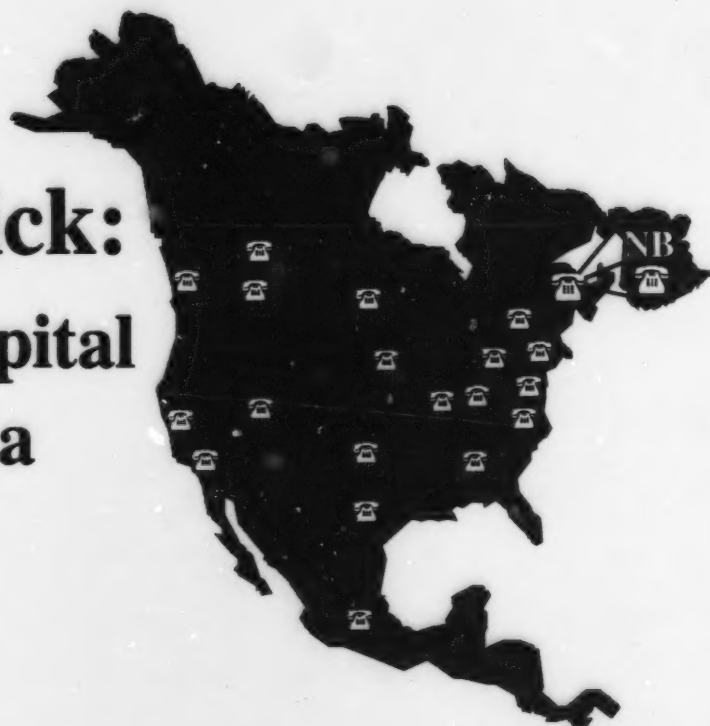


New Brunswick: Call Centre Capital of North America



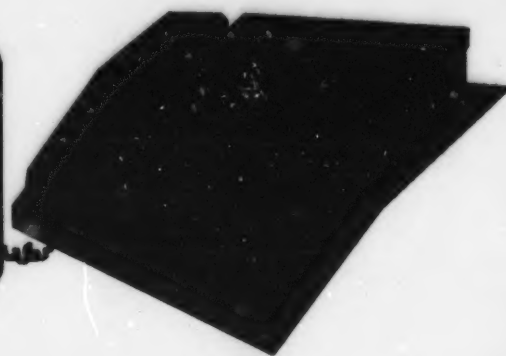
*A Summary of New Brunswick's Advantages for
Corporate Support/Telecommunication-Based Operations*

October 1993

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**Why New Brunswick
is the Call Centre
Capital of North America**



- ☒ **Highly skilled, readily available, bilingual workforce**
- ☒ **Leading edge, state-of-the-art telecommunications infrastructure**
- ☒ **Lower Operating Costs**
- ☒ **The lowest worker's compensation rates in Canada**
- ☒ **No Provincial Sales Tax on 800 Service**
- ☒ **No Payroll Tax**
- ☒ **NBTel's flexibility and customer focus**
- ☒ **Low cost, available leasehold properties**
- ☒ **Call Centre industry infrastructure**
 - ☒ **Training**
 - ☒ **Software**
 - ☒ **Telemarketing Industry Association (TIA)**
 - ☒ **Service Bureaus**
- ☒ **Community Colleges that will custom design training programs**
- ☒ **One of the best education systems in Canada**
- ☒ **High quality of life, low cost of living**
- ☒ **A business-oriented Government**

For more information call: 1-800-665-1800

New
Nouveau  **Brunswick**

NBTel

NEW BRUNSWICK: THE CALL CENTRE CAPITAL OF NORTH AMERICA

INTRODUCTION

New Brunswick has already achieved its reputation as the Call Centre Capital of Canada. The recently completed Boyd study as well as other comparative information show that New Brunswick is in a unique position to lead North America in this cutting edge industrial sector. This sector also includes other telecommunications based corporate functions such as data processing, national billing and accounting centres, customer service centres, etc. There are several factors contributing to our strength in this area: 1) NBTel's state-of-the-art, fully digital fibre optic network; 2) their aggressive pricing strategies; 3) New Brunswick's lower cost operating environment; and 4) a strong labour market with the second highest rate of bilingualism in the country.

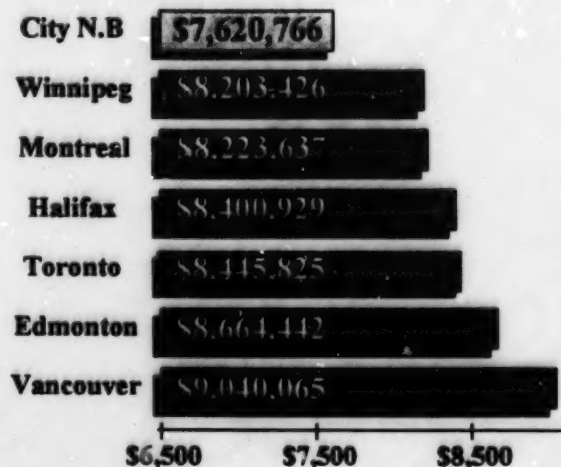
The companies which have moved to New Brunswick bring with them the use of leading edge technology helping to ensure that future innovations will be implemented here first. This sector also provides good entry level positions for our high school, community college, and university graduates giving them that important first job with a major corporation and a variety of career options.

LOWER OPERATING COSTS

Today's Call Centre/Corporate Support operations need innovative telecommunication applications and high quality personnel and that's why New Brunswick represents the ideal operating environment.

- **Operating Costs** - The graph is taken from a recent cost analysis comparing the labour, telecommunication, and property costs of operating a North American call centre.
- **Labour Cost** - Because of a lower cost of living and other factors, virtually all Statistics Canada wage indicators place the cost of labour in New Brunswick lower than most other Canadian locations. For Call Centres, New Brunswick routinely offers a company between 15-20% lower labour cost than major urban Canadian jurisdictions.
- **Fringe Benefits** - Another major factor in labour cost are fringe benefits. New Brunswick offers the lowest *legislated* fringe benefit costs in North America for call centre operations. A modification to the Workers' Compensation legislation allows almost all corporate support or call centre operations the rate of 31¢ per \$100 of payroll.

Comparative Costs of a North American Call Centre Operation



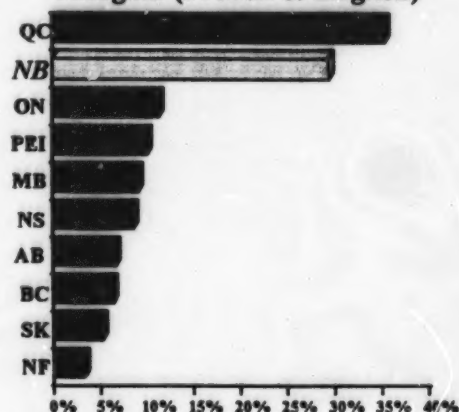
- **Payroll Tax** - In recent years, 6 provinces have instituted a payroll tax or mandated health insurance premiums. The rates range from 1.95% of payroll in Ontario to 3.75% in Quebec. New Brunswick has *no payroll tax*.
- **Office Space** - New Brunswick is a low cost area for office space with among the best lease rates in Canada. For companies who wish to purchase their operating space, New Brunswick land costs are among the best in the country combined with *very low property taxes*.
- **Telecommunication Costs** - NBTel offers call centre/corporate support operations a fully digital, cutting-edge telecommunications network at very competitive costs.

LABOUR MARKET SOLUTIONS

Lower operating costs are only part of the equation. The New Brunswick labour force is known for its educational attainment, low labour turnover and absenteeism, and its level of bilingualism (French & English).

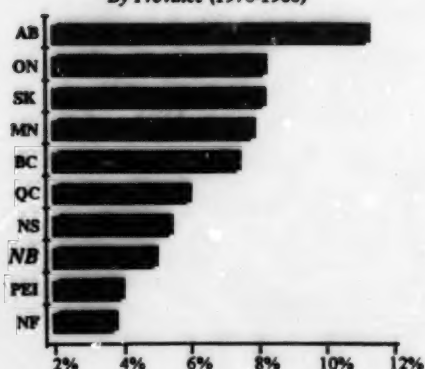
- **Bilingual Labour** - New Brunswick's 30% bilingual workforce is a very important advantage to companies who want to access the nearly 7 million Canadians who speak French without having to pay a premium for their employees.
- **Absenteeism** - In an All Industry survey done by Statistics Canada for the estimated number of days lost per worker per year for 1992, New Brunswick rated 8.9 days per employee per year. This was one of the lowest rates in Canada and the U.S.

Percentage of Population that is Bilingual (French & English)



Average Annual Turnover Rates

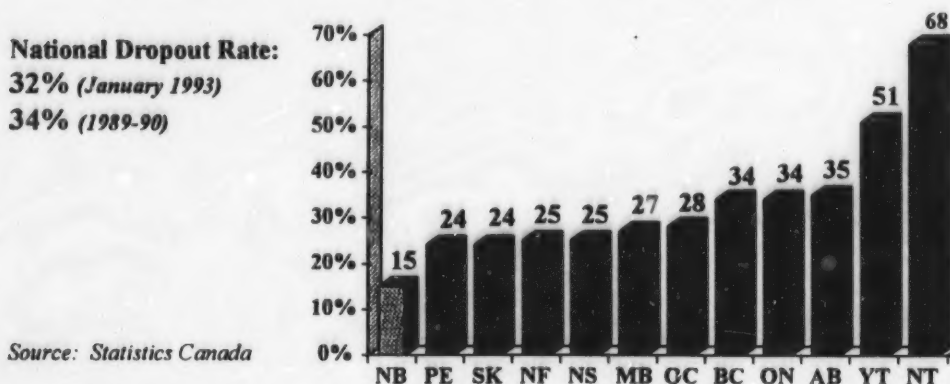
By Province (1978-1988)



- **Turnover** - In 1992 Statistics Canada released the results of a ten year tracking of labour turnover in Canada. Nationally, New Brunswick had the 2nd lowest rate of turnover for the ten year period.

- **Educational Attainment** - In a recent study by The Boyd Company Location Consultants, it was cited that the educational attainment level of New Brunswick call centre employees was significantly higher than their counterparts in the U.S. New Brunswick's high school drop out rate is the lowest in Canada and only 5 U.S. states can boast a lower rate.

High School Dropout rates across Canada (1990-1991 - rounded to the nearest per cent)



- **Availability of Labour** - Qualified people are actively seeking work in New Brunswick. The Labour Force Survey of Statistics Canada reports that there are over 23,000 people unemployed in New Brunswick that are high school graduates and nearly 70% of them have some post-secondary or university training. As well, New Brunswick has the third lowest migration rate in Canada.
- **Training Infrastructure** - New Brunswick as a province is committed to having a support system that allows industry and educational institutions to act in concert to upgrade and train the labour force to make them a value added resource to organizations. That is why the New Brunswick community college has developed two Telemarketing concentrations in their curriculum. But every company has specific needs that have to be developed in their employees through company-specific training programs and that is why New Brunswick will join with companies to develop and pay for the training of New Brunswickers for their call centre/corporate support operations.

**NEW BRUNSWICK'S "LET'S DO BUSINESS"
ATTITUDE**

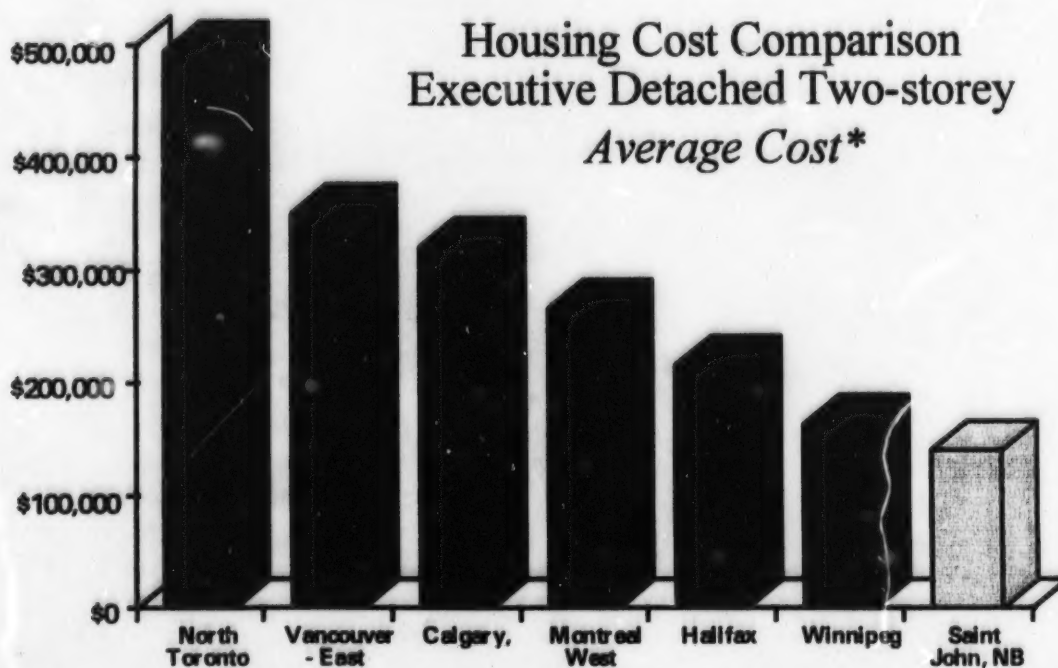


- The Province of New Brunswick is committed to maintaining a sound industrial base and fully supports the investment and technology required to ensure continued economic growth. A few examples....
- The government of New Brunswick is a fiscal leader in Canada in enacting a bill which requires a balanced budget on the operating account over the period ending March 31, 1996 and every four years thereafter.
- A recent streamlining of the civil service, the privatization of certain government services and a new employee evaluation system based on productivity and quality of work have resulted in a more efficient and cost-effective government.
- Business taxation is minimized by the provincial government with no general Corporate Capital Tax, no charges to organizations for health insurance premiums, no payroll tax and Workers' Compensation rates among the lowest in Canada.
- Standard and Poors upgraded the provincial credit rating in 1991 from a single A plus to a double A minus, which we have maintained for two consecutive years.
- New Brunswick recognizes that commitment to quality is key to our growth and prosperity. Our programs offer companies an opportunity to implement quality control in all aspects of the workplace.
- Business and labour also work together with government on a Human Resource Council which helps workers and employees keep up-to-date in their training and skills. New Brunswick understands that the soundest investment of all is in New Brunswickers.

ENVIABLE QUALITY OF LIFE

A very important part of the environment from which a company operates is the quality of life afforded to their employees. Studies have shown that absenteeism, turnover and decreased productivity are correlated positively with a poor social environment. New Brunswick has an enviable quality of life which couples a low cost of living with some of the most outstanding natural and recreational facilities in North America. As well, New Brunswick offers one of the best educational systems in Canada, exceptionally low crime rates, and, of course, a very short commute to work.

Housing costs can be significantly lower in New Brunswick when compared to other locations in Canada. The following graph is taken from the Royal LePage survey and shows the lower costs of housing in New Brunswick. As well, in the same research, New Brunswick property taxes were among the lowest in Canada.



**From the Winter 1993 Royal LePage Survey of Canadian House Prices*

INFLATION

Consumer Price Index

(October, 1992 1986=100)*



*Source: Statistics Canada

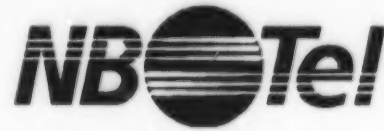
A major reason that wages are lower in New Brunswick than major metropolitan areas like Toronto is the lower cost living environment. New Brunswick offers lower cost housing, property taxation, parking, and a wide variety of amenities such as Golf and Tennis. As well as lower costs, New Brunswick has had a lower rate of inflation than most other provinces in recent years. The following graph shows the increase in the Consumer Price Index (1986=100) and shows that New Brunswick had a lower rate of inflation than all but Newfoundland.

FIRMS THAT HAVE RECENTLY MOVED HERE:

Here is a list of some of the firms that have recently located corporate support telecommunications-based operations in New Brunswick:

Purolator Courier Ltd.
Camco Inc.
Federal Express
Livingston International Inc.
CP Express & Transport
MediTrust
CN Rail
Unysis
Northern Telecom
VIA Rail
Canada Post
Unitel

**NBTel - TELECOMMUNICATIONS
EXCELLENCE**



The New Brunswick Telephone Company, Limited is the major full service supplier of telecommunications in New Brunswick. With more than 100 years of experience NBTel is committed to enhancing its services through research and development, innovation, and the adaptation of state-of-the-art technology. As a member of the Stentor consortium of telephone companies, NBTel serves provincial, national and international customers alike.

NBTel IS INNOVATIVE:

- the first telephone company in Canada to offer 800 Plus Service
- the first telephone company to offer postalized 800 rates(one national flat rate)
- the first telephone company to offer Advantage Canada
- the first telephone company in Canada to extend a service which combines voice and data transmission (ISDN) into a commercial business environment
- the first telephone company in Canada to provide a digital communication network for all customers
- the first telephone company in Canada to provide universal residential voice mail services
- the first telephone company in Canada to trial display based marketing
- the first telephone company in Canada to establish a fully automated call processing centre (NBTel inter Active)
- is a leader in Canada in the deployment of a technology (CCS7) which provides the ability to transmit information regarding the identification of a calling party

NBTel IS CUSTOMER FOCUSED:

In keeping with our "*service on demand*" philosophy NBTel's electronic door is open for business 24 hours a day, 7 days a week. All of our business customers are assigned dedicated technical resource, meaning our customers receive round the clock instant service from people who are familiar with their communications systems.

NBTel is known internationally for our innovation and is viewed as a market laboratory in leading edge telecommunications solutions. These are just a few examples of our insight in revolutionizing new marketing channels, in concert with our "*electronic door*" vision.

NBTel OFFERS CUTTING EDGE SERVICES:

TalkMail

Through the electronic door NBTel will be the first telephone company in the world to give every home and single-line business a voice mailbox as part of their basic local service. TalkMail will revolutionize use of the telephone by delivering messages automatically, even if the recipient is not there to answer. You can deliver a message to an individual thanking them for their business or to a group of employees letting them know tomorrow's meeting has changed to 8am.

Telepath

NBTel was the first in Canada to successfully establish an intelligent link between an IBM AS/400 and a Northern Telecom DMS-100 switch. This paved the way for the development of *Telepath*, an application that will simultaneously delivery an incoming call to a telephone set and customer account information to a computer screen. Knowledge of who a caller is prior to answering a call allows a business to provide more personalized and productive service.

ScreenTalk

NBTel is currently conducting a research and development program in display based marketing call *ScreenTalk*. This is an exciting new way to deliver community interest and advertising messages to a display screen telephone. As well, ScreenTalk will provide a full suite of informations and transactional services including home banking and home shopping, with major retailers, banking institutions and mail order catalogue companies participating.

NBTel interActive

Customers across Canada are increasingly using 800 (and 900) numbers to take part in contests, to request information or samples, or to register their choices. Businesses managing these promotional programs have discovered they need a state-of-the-art call-processing centre at which to terminate the millions of calls being generated. NBTel interActive, along with Canada's leading interactive telephone marketing business, Phoneworks, was the first to establish such a centre in Canada.

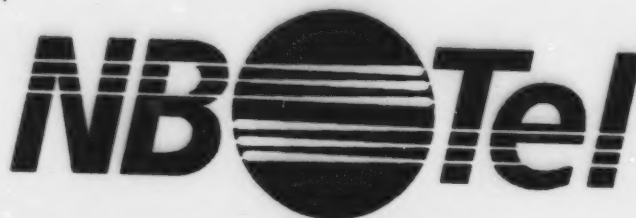
NBTel OFFERS A STATE-OF-THE-ART NETWORK:

The NBTel network is comprised of modern digital switching nodes interconnected by high-speed and high bandwidth fibre-optics transport system. NBTel is the first telephone company in Canada to 100% digital. In addition to switched network services, NBTel offers dedicated private line and packet data services, centralized voice messaging, and mobile communications, including cellular phone service and digital paging.

NBTel OFFERS COMPETITIVE COSTS:

NBTel has consistently led the way with low long-distance pricing. Combining discount plans with time-of-day options, our customer currently can pay as little as 15 cents per minute to call anywhere in Canada. The most a business customer will pay for an outbound call in Canada today is 29 cents per minute* in prime time and 36 cents per minute * in prime time for an 800 call. NBTel intends to continue leading the way into the future with even lower prices.

*Based on September 1993 rate structure.



COMPETITIVENESS WITH THE UNITED STATES

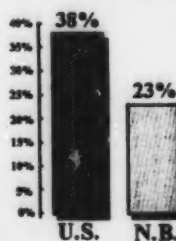
A SUMMARY:

A recent study was commissioned to test the cost effectiveness of New Brunswick as a telecommunications-based corporate office support centre compared to prime U.S. locations. The study (prepared by the Boyd Company Location Consultants, Princeton, NJ) was based on a realistic model of a typical Call Centre of 75 employees with an equal distribution of calling in the United States and Canada. The findings reveal that New Brunswick's overall cost structure is highly competitive with all U.S. locations from traditional "back office" locations such as Chicago and New York to low cost leaders such as Panama City, Florida and Omaha, Nebraska.

LABOUR COST

New Brunswick had the lowest labour cost of any location in the study. Several of the low cost U.S. locations (Panama City, Omaha, etc.) had lower base wages but New Brunswick's lower fringe benefit rate translated into the lower cost overall structure. *The research showed that the average fringe rate for U.S. locations is 38% and for NB 23% applied to base payroll.* This 15% differential translates into a very tangible cost advantage over U.S. locations. It was also stated that the New Brunswick labour force sample that was used in the study was among the highest for quality and education. *Bilingualism and educational attainment were found to be key factors in the quality of the typical Call Centre employee in New Brunswick.*

Typical Fringe Benefit
Costs (% of Payroll)



ENERGY COSTS

NB Power's energy rates reflect favourably when compared to U.S. locations. New Brunswick ranked sixth lowest out of the 26 locations and had significantly lower rates than locations such as New York, Pittsburgh, and Chicago.

LEASE COSTS

New Brunswick's ranking of second lowest in this area has important implications. Irrespective of short term recessionary pressures on the lease market, New Brunswick remains a low cost area for leasing Class A office space.

TELECOMMUNICATION COSTS

New Brunswick had the lowest costs for telecommunications given the established parameters that gave equal weight to U.S. and Canadian Call Volumes. Even when the U.S. call volume is substantially higher, NBTel's cost structure allows for very competitive rates.

The graph on the following page summarizes the Boyd Study's results:

New Brunswick: *Call Centre Capital of Canada....*

A Comparative New Brunswick and U.S. Cost Analysis for Call Centre
Operations in 25 U.S. locations with U.S. and Canadian calling.



**...and Now...
Call Centre
Capital of
North America!!**

NBTel

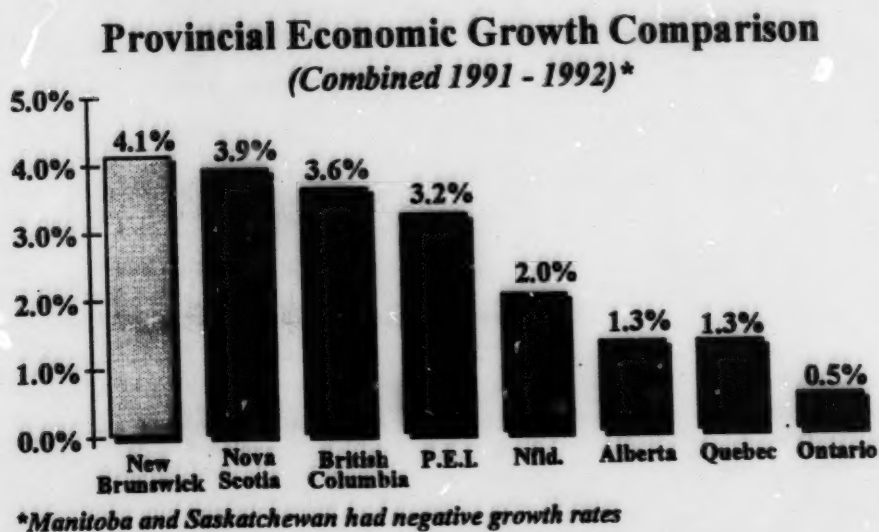
New  Nouveau
Brunswick

Source: The Boyd Company Inc. Location Consultants, Princeton, NJ.

GENERAL ECONOMIC PROFILE OF NEW BRUNSWICK

CURRENT:

The general economic performance of the province has been good. Driven by a diversified economy, tough government deficit reduction measures, low inflation rates, and what the Conference Board of Canada calls "...one of the firmest labour markets in the country over the past few years." The following graph compares total provincial economic growth for the past two years (Source: Statistics Canada):



FUTURE:

The Conference Board of Canada also predicts New Brunswick to have a very strong economy for the foreseeable future. Forestry and manufacturing shipments which account for almost 50% of total goods production are expected to perform well and the service sector is expected to be among the strongest in the country.

CONCLUSION

NEW BRUNSWICK: *MORE THAN A LOCATION... ...A SOLUTION!*

Part of our approach to attracting companies to the province is that we will prepare a detail cost and technical document that addresses an individual company's needs. The personalized information package includes:

- Detailed operating cost analysis - telecommunications, labour, leaseholds, etc.
- Cost comparisons with any other North American location
- Availability of labour to meet specific needs
- Specific telecommunication applications
- Tailor-made training program information
- Quality of life in New Brunswick

We will compare the costs of locating in New Brunswick to any other location that is being considered as a site for business operations.

For additional information or a personalized information package, contact:

**New Brunswick
Department of Economic Development and Tourism
P.O. Box 6000
Fredericton, New Brunswick
CANADA
E3B 5H1
Telephone: (506) 453-3981
Fax: (506) 444-4277**